(c) whether the enforcement agencies have been asked to prevent operation of such firms in various States; and

(d) if so, by when such companies would be wound up to improve investor's confidence?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL): (a) and (b) The Reserve Bank of India (RBI) has initiated adverse action against errant Non-Banking Financial Companies (NBFCs) for various defaults and contraventions of the provisions of RBI Act. The Bank has issued orders prohibiting NBFCs whose applications for certificate of registration have been rejected from accepting further deposits and from alienation of assets except for repayment of the depositors. Their names are placed on Bank's Website, intimated to the relative Registrars of Companies and the Economic Offences Wings of the State Government. Besides, the public is also notified through an advertisement in the leading newspapers about the rejection of the application of the company.

(c) State Government have been provided with the State-wise lists of all rejected NBFCs by RBI with a request to invoke the provisions of Indian Penal Code against those conducting their business unauthorisedly in violation of the RBI Act.

(d) The rejected companies have been directed to stop carrying on the business of an Non-Banking Financial institution, continue to repay the public deposits held, if any, as per the terms of their acceptance. Such companies have been directed to convert themselves into a non-financial company or dispose of their financial assets or seek voluntary winding up within a period of three years from the date of their rejection.

In the Financial Companies Regulation Bill, 2000 which is presently before the Standing Committee on Finance, it has been provided that unauthorized conduct of financial business by an unregistered company would be a cognisable offence.

Income tax rebate for dependents

1997. SHRIMATI SUMITRA MAHAJAN: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether it is a fact that rebate is available under section 80DD of the Income Tax Act for the dependent family member of Government Servant;

(b) if so, the reasons for which the rebate is available only for one dependant irrespective of the number of dependents; and

(c) whether Government propose to remove the anomaly and give benefit for the number of actual handicapped dependents?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI GINGEE N. RAMACHANDRAN): (a) Yes, Sir. Section 80DD of the Income Tax Act provides for a deduction of Rs. 40,000 on account of any expenditure incurred for the medical treatment, training and rehabilitation of a handicapped dependent or an approved annuity insurance scheme for the maintenance of a handicapped dependent.

(b) Under the existing scheme of personal income taxation, tax rebates/concessions including the deduction under section 80DD are not linked with the number of dependents/family members.

(c) The suggestion made by Honourable member will be considered during the annual budgetary exercise and the Government's response will be reflected in the Finance Bill 2003.

Calculation of Income

1998. SHRIMATI SUMITRA MAHAJAN: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether it is a fact that honorarium is paid for delivering lecture to the trainees, setting of question paper, setting of papers, invigilation duties outside the duties performed in the ordinary course and are not covered under FR 46; and

(b) if so, whether any limit has been fixed therefor, and the details thereof and whether the said earning comes under the heading "income from other sources" for the purpose of calculation of income with the details thereof and upto what extent it is free from income tax?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL): (a) Yes, Sir. Honorarium is paid for delivering lecture to the trainees, setting of question paper, setting of papers, invigilation duties outside the duties performed in the ordinary course. It is covered under FR 46 (b).

(b) The maximum ceiling of honorarium is Rs. 5000/- per annum and the same is taxable as per the provisions of the Income Tax Act.